

jets and holds letters of intent for up to 40 regional jets from British Airways and Alisardia of Italy.

- Canada registered an outstanding trade surplus of \$1.3 billion with Benelux. Total two-way trade was \$4.1 billion.

Western European investments in Canada rose by approximately 20 per cent, reaching over \$27 billion. Major investments were announced, including:

- Neste (Finland) is investing \$350 million in a new methyl tertiary butyl ether (MTBE) plant in Alberta.
- Norsk Hydro (Norway) is building a \$600 million plant in Quebec to produce magnesium.
- Dowty Group PLC (United Kingdom) is constructing a \$90 million plant in Quebec to assemble aircraft landing gear.
- Bosch GmbH (Germany) established a strategic partnership with Alberta's Novatel Communications, which will solidify Novatel's position in European markets and open up new research and development opportunities.
- Mission Cyrus Group (United Kingdom) established a company in British Columbia to manufacture advanced microcomputers for the North American market.

### *The European Community*

Canada maintains a close relationship with the European Community. A key element of this relationship is the Framework Agreement for Commercial and Economic Cooperation, which establishes a Joint Commission for Cooperation and provides a means of furthering bilateral economic and commercial, scientific and technological cooperation. Over the past year, Canada has improved its relationship with the Community, which remains Canada's second-largest trading partner after the United States.

Improvements in the Canada-EC relationship over the past year included an increase in meetings at the ministerial level and the establishment of joint working groups to address disagreements with respect to fishing in the North Atlantic. Departmental initiatives persuaded the Community to shrink the gap between EC and Northwest Atlantic Fisheries Organization fishing quotas. This included 28 official ministerial-level contacts and resulted in significant reductions for the European Community's own vessels for 1990.

The European Community is proceeding with its Single Market initiative, which is intended to remove virtually all barriers to the free movement of